



**MARTIN COUNTY REGIONAL WATER AND SEWER AUTHORITY**  
**DEBT RELIEF**  
**Appropriations Request Summary**  
**August 10, 2018**

**Request:** Provide \$17.6 million in debt relief to Martin County Regional Water & Sewer Authority (MCRWASA), in which Martin County and the Town of Williamston are partners, for construction of a surface water treatment plant. The need for the water treatment plant was created by the North Carolina Department of Environmental Quality's 2002 mandate to reduce cretaceous water aquifer withdrawals by 75 percent, due to concerns over saltwater encroachment.

**Statement of Need:** Martin County is a Tier-1 county, and the 13<sup>th</sup> most economically-distressed county in the state. The poverty rate is 24.9%, and the Median Household Income is \$33,159. The county is losing about 1% of its population each year.

The operational costs and \$17.6 million in debt service from the construction of this surface water treatment plant have caused Martin County to have some of the highest water rates in the state.

Additionally, Martin County Water Districts 1 and 2 owe approximately \$13.5 million in debt service for the construction of their water transmission systems. Due to all of the debt and operational costs, Martin County Water Districts 1 and 2 operate at a loss. General funds are needed to balance the utility fund budget, which is a concern to the State Treasurer's Office. Based on analysis by the UNC School of Government's Environmental Finance Center, Martin County has the highest debt per utility account in the state – \$13,732 per account in Martin County Water District 2 (including its share of MCRWASA's debt).

The current base rate for Martin County Water Districts 1 and 2 is \$50. The unit cost is \$8.50 per 1,000 gallons after the initial 1,000 gallons. The current average water bill is \$67 per month (this is water only – no trash service, no sewer service).

The high water rates have been a factor in the closing of at least one major industry, Parkdale Mills, resulting in the loss of nearly 200 employees and \$13 million in tax base.

**Background:** In 2002, due to concerns about potential over-use of the aquifer, Martin County was required by DEQ under the Central Coastal Plain Capacity Use Area (CCPCUA) restrictions [https://www.ncwater.org/Permits\\_and\\_Registration/Capacity\\_Use/Central\\_Coastal\\_Plain/CCPrulefinal5-17-2001x.pdf](https://www.ncwater.org/Permits_and_Registration/Capacity_Use/Central_Coastal_Plain/CCPrulefinal5-17-2001x.pdf) to incrementally reduce our groundwater aquifer withdrawals by 75 percent by August 2018. Subsequently, the Town of Williamston and Martin County partnered in the Martin County Regional Water and Sewer Authority (MCRWASA), which built a \$27 million surface water treatment plant on the Roanoke River. Originally, USDA suggested that the community could qualify for 75 percent in grant funds for the project based on RUS instruction 1780.10 (c):

*“Grants may not be made in excess of the following percentages of the RUS eligible project development costs... (1) 75 percent when the median household income of the service area is below the higher of the poverty line or 80% of the state nonmetropolitan median income and the project is necessary to alleviate a health or sanitary problem.”*

Ultimately, only 32 percent of the project was covered by grant funds. The remainder of the costs, approximately \$18.2 million, was covered by debt service.

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